

**The Church of Jesus Christ of Latter-day Saints (Welfare) Limited  
(A limited company and registered charity)**

**Annual report and financial statements**

**Year ended 31 December 2010**

**Company number: 1332670**

**Charity number: 274605**

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**The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

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**Year ended 31 December 2010**

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# **The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

## **Report of the trustees for the year ended 31 December 2010**

The trustees are pleased to present their report together with the consolidated financial statements of The Charity for the year ended 31 December 2010

### **Legal and administrative details**

<u>Charity number</u>	274605
<u>Company number</u>	1332670
<u>Principal office and registered office</u>	751 Warwick Road, Solihull, West Midlands, B91 3DQ
<u>Auditors</u>	Grant Thornton UK LLP Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ
<u>Bankers</u>	HSBC 34 Poplar Road, Solihull, West Midlands, B91 3AF  Bank of America 26 Elmfield Road, Bromley, Kent, BR1 1WA
<u>Solicitors</u>	Devonshires Salisbury House, London Wall, London, EC2M 5QY

### **Directors and trustees**

The directors of the charitable company (The Charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees

The trustees serving during the year and subsequent to the year end and up to the date of signing the report were as follows

Robert John Mulligan

Rainer Herbert Gottlieb Wiborny

Joseph Bitner Wirthlin Jr

Paul Genho

None of the trustees have qualifying third party indemnity insurance.

### **Area controller**

Brad Barlow

# **The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

## **Report of the trustees for the year ended 31 December 2010**

### **Structure, governance and management**

#### **Governing document**

The Church of Jesus Christ of Latter-day Saints (Welfare) Limited is a limited company and a registered charity. The Charity is governed by its Memorandum and Articles of Association which were last amended on 15 August 2005.

#### **Appointment of trustees**

As set out in the Articles of Association, new or additional directors (trustees) are to be appointed by the shareholder (Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints), providing such persons are willing so to act either to fill a vacancy or as an additional trustee.

The shareholder will also determine the rotation and time in which trustees are to retire. Currently no term is fixed to the term served. Trustees shall not be less than two or more than seven in number.

The shareholder may, from time to time, vary the minimum or maximum number of directors (trustees).

#### **Trustee induction and training**

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of The Charity.

During the induction day they meet key employees and other trustees. Trustees are updated and advised on legal issues by Devonshires solicitors.

#### **Organisation**

The parent organisation of The Charity, The Church of Jesus Christ of Latter-day Saints, is directed by the First Presidency supported by The Quorum of the Twelve Apostles and various quorums of the Seventy. Members of these quorums are called General or Area Authorities, three of whom will be assigned to serve as an Area Presidency within a specific geographic area.

Throughout the world a number of Area Presidencies are assigned to administer the day to day affairs of the Church on behalf of the First Presidency. One of these Area Presidencies is based in Frankfurt, Germany and has the responsibility for the administration and operation of the Church in Europe. The Europe Area Presidency provides ecclesiastical direction for the Church in Europe and oversees the Church's lay ministry.

Ecclesiastical direction is channelled to The Charity via the shareholder (Corporation of the Presiding Bishop) and is reflected in the various department budget requests which are reviewed by the trustees annually.

Within this framework, the board of trustees administers the affairs of The Charity. The board meets at least twice a year. Department heads submit reports and budget requests to the trustees for approval in or around October each year. In or around March each year department heads report to the trustees on the prior year's financial performance and achievements.



## **The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

### **Report of the trustees for the year ended 31 December 2010**

#### **Structure, governance and management (continued)**

In addition, the trustees monitor progress and achievements throughout the year and other trustee meetings are held as necessary

#### **Employees**

The Charity has the policy of ensuring that its employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways

- Applications for new positions in The Charity are invited from anyone with the relevant qualifications – the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illness or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful
- The Charity utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition, there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of The Charity
- In addition to the above points, The Charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long-term disability benefits from The Charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on the technical ability of each employee

#### **Related parties**

The Charity has a close relationship with its sister charity The Church of Jesus Christ of Latter-day Saints (Great Britain). There is regular cooperation between the charities. The Charity holds 100% of the share capital of its two subsidiary companies, AgReserves Limited and Anderson Farm (Buckworth) Limited

#### **Principal risks and uncertainties - financial risk and management**

The following statements summarise The Charity's policy in managing identified forms of financial risk

- Price risk – salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices
- Credit risk – Credit risk on amounts owed to The Charity by its customers is low as the majority of its debtors have been contracted with frequently by The Charity in the past and have a proven reliability

## **The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

### **Report of the trustees for the year ended 31 December 2010**

#### **Structure, governance and management (continued)**

- Liquidity risk – The Charity has no long-term borrowings. Assurances of continuing financial support have been received from the parent company.
- Interest rate cash flow risk – The Charity is able to place surplus funds on short term deposit with the company's bankers.

The trustees have a risk management strategy which encompasses

- An annual review of the risks The Charity may face,
- The establishment of systems and procedures to mitigate those risks identified in the strategy, and
- The implementation of procedures designed to minimise any potential impact on The Charity should those risks materialise.

#### **Objectives and principal activities**

We have the general aim of assisting The Church of Jesus Christ of Latter-day Saints ("The Church") to grow its membership and to provide facilities for them and to reach out and work with and provide services to the wider community. We assist members of The Church and others in need of religious assistance or in conditions of need, hardship, sickness or distress.

The object of The Charity is

To promote and further the religious and other charitable work of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and elsewhere and to assist members and other persons who are in conditions of need, hardship, sickness and distress, to all ages and denominations.

The Charity achieves this in the following ways

- Acquires land and builds purpose-built meetinghouses for The Church of Jesus Christ of Latter-day Saints (Great Britain) in which members of the Church and the public can meet together for religious worship and instruction.
- Teaches members, and non-members where possible, welfare and self-reliance principles for general living and emergency situations to provide for themselves and their families.

#### **Public benefit**

The trustees have read and given due regard to the guidance on public benefit published by The Charity Commission in exercising their powers and duties.



## The Church of Jesus Christ of Latter-day Saints (Welfare) Limited

### Report of the trustees for the year ended 31 December 2010

#### Achievements and performance

The achievements of The Charity for the year were as follows

##### Provision of facilities for religious worship

One of the primary objectives of The Charity is to provide temples and meetinghouses to enable religious worship to be undertaken by members of the Church and others. The acquisition of land and the construction of new facilities is one of the main aims of The Charity.

The Charity works closely with The Church of Jesus Christ of Latter-day Saints (Great Britain) – (“GB”) which utilises the meetinghouses for worship purposes.

The following is the project expenditure incurred in 2010

<u>Manchester University</u> Started the design phase of a new meetinghouse	£ 200,000
<u>Omagh, Northern Ireland</u> Started the design phase of a new meetinghouse	£ 30,000
<u>Buchan, Scotland</u> Started the design phase of a new meetinghouse	£ 60,000
<u>Milford Haven, Wales</u> Started the design phase of a new meetinghouse	£ 124,000
<u>Salisbury, England</u> Started the design phase of a new meetinghouse	£ 192,000
<u>Runcorn, England</u> Progressed to the final stages of the completion of the construction of meetinghouse. Fencing and other site work yet to be completed	£ 2,391, 436
<b>Total</b>	<b>£ 2,997,436</b>

##### Subsidiary undertakings

AgReserves Limited's principal activity continued to be that of arable farming and operated a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology.

AgReserves Limited leases all of the farm land owned by Welfare and then farms that land. The operations of the subsidiaries promote the welfare and self-reliant principles of The Charity. The trustees are mindful that the small and somewhat scattered nature of some of the parcels of land do lead to some labour and equipment inefficiencies. The trustees believe that this weakness in the operations of the farms can be overcome by consolidating land holdings around two major farm centres in Lincolnshire and Cambridgeshire. This process of consolidation began in 2008 and has continued through to 2010. During 2010 the trustees approved the purchase of parcels of land in these two regions to the value of £905,905. Sales of certain farm holdings in outlying regions were in process in 2010.



## **The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

### **Report of the trustees for the year ended 31 December 2010**

#### **Achievements and performance (continued)**

On 10 December 2010, the farmland holdings of its subsidiary Anderson Farm (Buckworth) Limited, valued at £2,431,961, were transferred to The Charity

After taking into account the consolidation adjustments, the net income of the subsidiaries included in the statement of financial activities was as follows

AgReserves Limited – profit of £2,301,000

Anderson Farm (Buckworth) Limited – profit of £35,742

#### **Financial results**

Each year the trustees carry out a detailed review of each department of The Charity. They review the previous year's achievements and review and approve the budgets for next year.

The end of the year saw an excellent financial result based on strong financial management.

Incoming resources saw a decrease from £15,908,000 in 2009 to £13,115,000 in 2010. This was primarily due to the profit on disposal of Parsonage farms of £5,321,000 in 2009. Construction sales to GB increased from £1,089,000 in 2009 to £2,376,000 in 2010.

The other incoming resources were income from trading subsidiaries (£7,428,000), investment income (£151,000) and other operating income (£8,000).

Costs were maintained within budget and decreased from £9,857,000 in 2009 to £8,266,000 in 2010, particularly due to a reduction in expenses of trading subsidiaries of £1,064,000. In addition, the general inflationary economic climate contributed to rising costs.

Incoming resources exceeded resources expended for the year by £4,849,000.

#### **Investment powers and policy**

Under the Memorandum and Articles of Association, The Charity has the power to invest in any way the trustees deem to be in the best interests of The Charity.

The Charity's objective is to maintain high liquidity while ensuring maximum security and achieving the highest possible return.

To achieve this objective, The Charity invested £10.1 million in fixed-term deposit accounts with high security rating from periods of one week to one month and achieved an average rate of 1.73% gross during 2010.

Investment income is recognised on a receivable basis.

#### **Reserves policy**

The trustees have established the level of reserves (that is those funds that are freely available) that The Charity and its subsidiary companies ought to have ready access to. Reserves are needed to bridge any funding gap between spending and receiving resources through shareholder grants and member donations.

# The Church of Jesus Christ of Latter-day Saints (Welfare) Limited

## Report of the trustees for the year ended 31 December 2010

### Financial results (continued)

The trustees' policy is to hold, as a minimum, the equivalent of approximately 18 months charitable expenditure in reserves

The actual reserves at 31 December 2010 were £68,870,000 which is significantly above the trustees' target

It is the trustees' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility

The reserves policy is reviewed on an annual basis

### Plans for future periods

The goals for 2011 include plans to

- 1 Implement General Welfare Committee Strategic Priorities
  - Teach members the principles of fasting and fast offerings
  - Teach leaders basic welfare doctrines and principles
  - Encourage home production and storage of food
  - Encourage all aspects of family preparedness using the free written materials produced by the Church
- 2 Encourage Humanitarian Services in local communities
- 3 Implement the International Welfare Strategy as applicable
- 4 Continue to enhance the profitability and efficiency of the farms through well reasoned acquisitions and sales to achieve, over time, a concentration on land holdings around two major farms
- 5 During 2011 the following project expenditure is planned

<u>Manchester University</u> Commence construction phase of a new meetinghouse	£ 3,500,000
<u>Omagh, Northern Ireland</u> Commence construction phase of a new meetinghouse	£ 550,000
<u>Buchan, Scotland</u> Commence construction phase of a new meetinghouse	£ 830,000
<u>Milford Haven, Wales</u> Commence construction phase of a new meetinghouse	£ 730,000
<u>Salisbury, England</u> Commence construction phase of a new meetinghouse	£ 1,560,000
<u>Chesterfield, England</u> Commence the design phase of a new meetinghouse	£ 250,000
<u>Crystal Palace, England</u> Commence the design phase of a new meetinghouse	£ 250,000
<u>Runcorn, England</u> Complete fencing and all other remaining site work	£103,480
<b>Total</b>	<b>£ 7,773,480</b>

## **The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

### **Report of the trustees for the year ended 31 December 2010**

#### **Trustees' responsibilities in relation to the financial statements**

The trustees (who are also directors of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited for the purposes of company law) are responsible for preparing the Report of the trustees and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period.

In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as each of the trustees is aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

#### **Auditors**

Grant Thornton UK LLP are to be re-appointed as auditors to The Charity for the ensuing year

By order of the trustees

  
Robert John Mulligan  
Trustee

9 September 2011



## **Independent auditor's report to the members of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited**

We have audited the financial statements of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited for the year ended 31 December 2010 which comprise the consolidated and company statement of financial activities, the group and company balance sheets, the group cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2010 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.



## **Independent auditor's report to the members of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited (continued)**

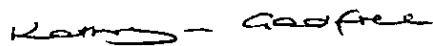
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Kathryn Godfree  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
9 September 2011



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)  
for the year ended 31 December 2010

		GROUP		COMPANY	
	Note	Unrestricted Total funds 2010 £'000	Unrestricted Total funds 2009 £'000	Unrestricted Total funds 2010 £'000	Unrestricted Total funds 2009 £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
Donation from parent company		2,956	838	2,956	838
<b>Investment income</b>					
Rental income		9	6	1,137	1,162
Interest receivable		142	113	94	95
<b>Incoming resources from charitable activities</b>					
New construction		2,376	1,089	2,376	1,089
Income from trading subsidiaries					
Existing	1a	7,428	8,445	-	-
Acquired	1a	-	10	-	-
		12,911	10,501	6,563	3,184
<b>Other incoming resources</b>					
Other operating income		8	16	21	16
Profit on disposal of tangible fixed assets	3	196	5,391	-	5,321
		204	5,407	21	5,337
<b>Total incoming resources</b>		<b>13,115</b>	<b>15,908</b>	<b>6,584</b>	<b>8,521</b>
<b>Resources expended</b>					
Expenses of trading subsidiaries		5,192	6,256	-	-
Charitable activities	2a	3,057	3,587	3,148	3,710
Governance costs	2d	17	14	17	14
<b>Total resources expended</b>		<b>8,266</b>	<b>9,857</b>	<b>3,165</b>	<b>3,724</b>
<b>Net income for the year</b>		<b>4,849</b>	<b>6,051</b>	<b>3,419</b>	<b>4,797</b>
Total funds brought forward		64,021	57,970	57,753	52,956
<b>Total funds carried forward</b>		<b>68,870</b>	<b>64,021</b>	<b>61,172</b>	<b>57,753</b>

All operations are continuing

There is no difference between the results above and the unmodified historical cost equivalents for this period

The statement of financial activities includes all gains and losses recognised in the year

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

BALANCE SHEETS

As at 31 December 2010

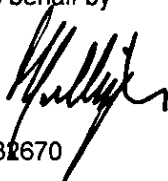
		GROUP		COMPANY	
	Notes	2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>					
Goodwill	8	-	10	-	-
Intangible assets	7	68	55	-	-
Tangible assets	6	54,420	52,949	52,069	48,175
Investments	9	5	5	4,100	7,050
		54,493	53,019	56,169	55,225
<b>CURRENT ASSETS</b>					
Stock	10	6,478	5,681	-	-
Debtors	11	2,039	4,160	3,683	5,531
Cash at bank and in hand		6,374	5,873	1,298	1,283
Cash equivalents	12	10,177	11,252	10,177	11,252
		25,068	26,966	15,158	18,066
<b>CREDITORS</b>					
Amounts falling due within one year	13	(644)	(1,730)	(155)	(1,322)
<b>NET CURRENT ASSETS</b>		24,424	25,236	15,003	16,744
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		78,917	78,255	71,172	71,969
<b>CREDITORS</b>					
Amounts falling due after more than one year	14	-	(4,216)	-	(4,216)
Provision for deferred tax	15	(47)	(18)	-	-
<b>Net assets</b>		<b>78,870</b>	<b>74,021</b>	<b>71,172</b>	<b>67,753</b>
<b>CAPITAL AND RESERVES</b>					
Unrestricted income funds					
Called up share capital	16	10,000	10,000	10,000	10,000
Unrestricted funds	17	68,870	64,021	61,172	57,753
<b>Total charity funds</b>		<b>78,870</b>	<b>74,021</b>	<b>71,172</b>	<b>67,753</b>

The principal accounting policies and notes on pages 14 to 27 form part of these accounts

The financial statements on pages 11 to 27 were approved by the board of directors on 9 September 2011 and were signed on its behalf by

Robert John Mulligan  
Trustee

Company number 1332670



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus	19a	5,239	6,303
Depreciation & amortisation		1,004	960
Profit on disposal of fixed assets		(196)	(5,391)
(Increase)/decrease in stocks		(797)	575
Decrease/(increase) in debtors		2,121	(1,760)
(Decrease)/increase in creditors		(1,246)	1,164
Transfer of land to GB company		-	1,069
Net cash inflow from operating activities		6,125	2,920
Tax paid		(343)	(718)
Returns on investments and servicing of finance	19a	142	113
Capital expenditure and financial investment	19a	(2,282)	2,557
Acquisition of subsidiary, net of cash	9	-	(2,606)
Management of liquid resources	19a	1,075	(521)
INCREASE IN CASH IN THE YEAR		4,717	1,745
NET FUNDS/(DEBT) AT 1 JANUARY 2010		1,657	(88)
NET FUNDS AT 31 DECEMBER 2010	19b	6,374	1,657



# THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

## PRINCIPAL ACCOUNTING POLICIES for the year ended 31 December 2010

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The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting for Charities 2005. A summary of the significant accounting policies which have been applied consistently is set out below.

### BASIS OF ACCOUNTING

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited and all of its subsidiary undertakings for the year. All financial statements are made up to 31 December 2010. The consolidation has been prepared using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired are included in the Statement of Financial Activities (SOFA) from the date of acquisition.

### FRS 18

The trustees have reviewed the accounting policies and confirmed that they are the most applicable.

### INCOMING RESOURCES

All incoming resources are included in the SOFA when the organisation is legally entitled to the income and the amount can be quantified with reasonable accuracy. Costs of constructing new buildings on behalf of The Church of Jesus Christ of Latter-day Saints (Great Britain) - "GB company" are recharged at each year end on the basis of total construction costs incurred to date. Rental income is recorded in accordance with the terms of the appropriate lease. Income from subsidiaries represents revenue recognised in respect of goods and services applied exclusive of VAT and trade discounts.

### RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Direct charitable expenditure comprises expenditure directly relating to the objects of the charity.

Governance costs incorporate those costs of governance arrangements which relate to the general running of the charity as opposed to the direct management functions. The costs relating to these activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. An analysis of these costs are disclosed in note 2.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Individual fixed assets costing £2,000 or more are capitalised at cost. Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write down each asset to its estimated residual value over its expected useful life, as follows:

Farm houses	over 10 to 40 years
Farm buildings and amenities	over 10 to 40 years
Equipment, fixtures and fittings	over 5 to 10 years
Plant and machinery	over 5 to 10 years



## THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

### PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2010

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#### INTANGIBLE FIXED ASSETS

Intangible fixed assets represent purchased entitlements to receive the single farm payment subsidy. These are held at cost and amortised over their expected useful life of 3 years.

#### FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any permanent diminution in value.

#### STOCKS

Stocks and cultivations are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Government subsidies are no longer included as part of the net realisable value of the crops as directed by the Rural Payments Agency.

Provision is made for obsolete and slow-moving items. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

#### OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the lease term.

#### FOREIGN CURRENCY TRANSLATIONS

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

#### DEFERRED TAXATION

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more or less taxation in future. An asset is recognised to the extent that the transfer of economic benefits in future is more likely than not. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities recognised are not discounted. This policy applies equally to subsidiary undertakings.

#### PENSION COSTS

The company is party to a defined benefit scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans (see note 20). The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of contributions made during the year or accrued at the year-end (i.e. on a defined contribution basis), as required by Financial Reporting Standard 17 "Retirement Benefits" in circumstances where the company cannot identify with any degree of accuracy its share of the scheme assets and liabilities. The company provides no other past retirement benefits to its employees.

Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2010

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PARENT COMPANY DONATIONS AND CAPITAL CONTRIBUTIONS

Donations by the company's parent undertakings to fund certain aspects of the company's excess of expenditure over income are included within incoming resources in the year to which they relate

Capital contributions by the company's parent undertakings to provide funding are treated as an exceptional item in the statement of financial activities in the year in which they arise

AREA AID INCOME

Area aid income is recognised in the SOFA when the underlying crops are sold

Set-aside income is recognised on a receivable basis wherever practicable else on a receipts basis

FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the trustees in accordance with the general objectives of the company and which have not been designated for other purposes

LIABILITIES

Liabilities are recognised when the group has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that the payment will be made

GOODWILL

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities

INVESTMENTS

Investments represent cash on short-term deposit. The company's objective is to maintain liquidity of funds while ensuring maximum security and achieving the highest possible return

Investment income is recognised on an accruals basis



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

1a NET INCOME OF TRADING ACTIVITIES OF SUBSIDIARIES

At year end the charity owned two subsidiaries which are incorporated in England and Wales  
AgReserves Limited operated farming activities while Anderson Farm (Buckworth) Limited was dormant during the year

The results of the subsidiaries included in the SOFA are as follows

	Anderson Farm (Buckworth) Limited £'000	AgReserves Limited £'000	2010 Total £'000	2009 Total £'000
Turnover	22	7,506	7,528	8,578
Cost of sales	-	(2,419)	(2,419)	(4,034)
<b>Gross surplus</b>	22	5,087	5,109	4,544
Operating expenses	-	(3,368)	(3,368)	(3,013)
<b>Operating surplus</b>	22	1,719	1,741	1,531
Profit on disposal of tangible fixed assets	-	196	196	70
Interest receivable	1	47	48	18
Taxation	13	(545)	(532)	(365)
<b>Net income for the year</b>	36	1,417	1,453	1,254
Consolidation eliminations				
Rent payable to parent undertaking	-	1,127	1,127	1,156
Management fees receivable from parent undertaking	-	(100)	(100)	(123)
<b>Net income of trading subsidiaries included in the Statement of Financial Activities</b>	36	2,444	2,480	2,287

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

1b ASSETS AND LIABILITIES OF SUBSIDIARIES

	2010 £'000	2009 £'000
Aggregate assets	15,888	17,464
Aggregate liabilities	(4,066)	(4,156)
Net assets	11,822	13,308

2a ANALYSIS OF CHARITABLE ACTIVITIES

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cost of construction	2,601	1,798	2,592	1,921
Welfare provision	456	1,789	556	1,789
	3,057	3,587	3,148	3,710

2b COMPANY CHARITABLE ACTIVITIES ALLOCATION

Activity	Activities Undertaken Directly £'000	Support Costs £'000	Total £'000
Construction of church buildings	2,376	216	2,592
Welfare provision	2	554	556
<b>Total</b>	<b>2,378</b>	<b>770</b>	<b>3,148</b>

2c SUPPORT COSTS ALLOCATION

Support cost	Construction £'000	Welfare Provision £'000	Total £'000	Basis of Allocation
Depreciation and amortisation	-	338	338	Usage
Physical facilities	-	92	92	Usage
Operating costs	216	124	340	Usage
<b>Total</b>	<b>216</b>	<b>554</b>	<b>770</b>	

The basis of allocation was determined by the actual usage in each of the cost categories which was attributable to that particular activity

2d GOVERNANCE COSTS

	2010 £'000	2009 £'000
Audit	17	14
	17	14

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

3 NET INCOME FOR THE YEAR

	2010 £'000	2009 £'000
Net income is stated after charging		
Operational leases (land and buildings)	15	15
Depreciation		
- owned assets	961	960
Profit on disposal of tangible fixed assets	196	5,391
Auditors' remuneration - audit services	32	28

4 EMPLOYEES

	2010 No	2009 No
The average weekly number of persons (including directors) employed by the group during the year was	25	28

	2010 £'000	2009 £'000
Staff costs for the above persons		
Wages and salaries	792	794
Social security costs	73	73
Other pension costs	173	129
	1,038	996

For the year ended 31 December 2010 the number of employees whose emoluments fell within the following bands are as follows

	2010 No.	2009 No.
£70,001 - £80,000	-	-
£60,001 - £70,000	1	2

The number of employees whose emoluments were above £60,000 and who had benefits accruing under the defined benefit scheme were as follows

	2010 No	2009 No.
£70,001 - £80,000	-	-
£60,001 - £70,000	1	2

The total pension contributions for the year made for these staff was £32,743

The trustees received £nil (2009 £nil) remuneration, and £nil (2009 £nil) in expenses during the year

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

5 TAXATION

The company is a registered charity and as such is entitled to certain tax exemptions on income and profits carried on in furtherance of the charity's primary objectives, if the profits and surpluses are applied solely for charitable purposes. Tax paid by the subsidiary companies is reconciled below.

Analysis of tax charge in the year

	2010 £'000	2009 £'000
UK Corporation tax based on results for the year at 28% (2009-28%)	516	365
Over provision in prior year	(13)	-
Total current tax	503	365
Deferred tax		
Origination and reversal of timing differences	29	-
Tax on profit on ordinary activities	532	365

Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below.

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	1,985	1,619
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	556	454
Effects of		
Expenses not deductible for tax purposes	13	19
Capital allowances in excess of depreciation	(56)	(25)
Adjustments in respect of prior periods	(13)	-
Other timing differences	3	(44)
Rollover relief	-	(39)
	503	365

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

6 TANGIBLE FIXED ASSETS

GROUP

	Land and Buildings £'000	Plant and Machinery £'000	Farms £'000	Total £'000
Cost				
1 January 2010	8,676	6,647	44,852	60,175
Adjustments and write offs	-	-	(3)	(3)
Additions	570	882	1,130	2,582
Group transfers	(2,595)	(10)	2,532	(73)
Transfer to intangibles	(43)	-	-	(43)
Disposals	-	(629)	-	(629)
31 December 2010	6,608	6,890	48,511	62,009
Depreciation				
1 January 2010	65	4,446	2,715	7,226
Group transfers	(65)	(8)	-	(73)
Adjustments & write offs	-	-	(3)	(3)
Charge for year	-	623	338	961
Disposals	-	(522)	-	(522)
31 December 2010	-	4,539	3,050	7,589
Net book value				
31 December 2010	6,608	2,351	45,461	54,420
31 December 2009	8,611	2,201	42,137	52,949

A detailed analysis of farms is shown on page 22

All of the tangible fixed assets are used to generate income for charitable purposes

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

6 TANGIBLE FIXED ASSETS (continued)

COMPANY

	Freehold Land £'000	Farms £'000	Total £'000
Cost			
1 January 2010	6,038	44,852	50,890
Adjustments & write offs	-	(3)	(3)
Additions	570	1,130	1,700
Transferred from subsidiary	-	2,532	2,532
31 December 2010	6,608	48,511	55,119
Depreciation			
1 January 2010	-	2,715	2,715
Adjustments & write offs	-	(3)	(3)
Charge for year	-	338	338
31 December 2010	-	3,050	3,050
Net book value			
31 December 2010	6,608	45,461	52,069
31 December 2009	6,038	42,137	48,175

A detailed analysis of the farms category is shown below

COMPANY

Included within farms are

	Freehold Land £'000	Farm houses £'000	Assets in course of construct £'000	Farm buildings & £'000	Equipmen Fixtures & Fittings £'000	Total £'000
Cost						
1 January 2010	34,025	4,849	29	5,866	83	44,852
Adjustments & write offs	-	(24)	-	44	(23)	(3)
Additions	905	-	99	126	-	1,130
Transferred from subsidiary	2,432	-	-	100	-	2,532
31 December 2010	37,362	4,825	128	6,136	60	48,511
Depreciation						
1 January 2010	-	1,211	-	1,437	67	2,715
Transfers & write offs	-	(27)	-	47	(23)	(3)
Charge for year	-	138	-	196	4	338
31 December 2010	-	1,322	-	1,680	48	3,050
Net book value						
31 December 2010	37,362	3,503	128	4,456	12	45,461
31 December 2009	34,025	3,638	29	4,429	16	42,137



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

7 INTANGIBLE FIXED ASSETS

Group	Single farm payment entitlements £'000
Cost	
At 1 January 2010	55
Additions	46
At 31 December 2010	101
Amortisation	
At 1 January 2010	-
Charge for the year	33
At 31 December 2010	33
Net book value	
At 31 December 2010	68
At 31 December 2009	55

8 GOODWILL

	Positive Goodwill £'000
Cost and Net Book Value	
At 1 January 2010	10
Eliminated on hive up of Anderson Farm	(10)
At 31 December 2010	-

9 FIXED ASSET INVESTMENTS - GROUP

	Listed £'000	Total £'000
Cost and Net Book Value		
1 January 2010 and 31 December 2010	5	5

The market value of listed investments, which are included above at cost of £5,000, as at 31 December 2010 was £14,142 (2009 £12,110)

COMPANY

	Investment in Subsidiary Undertakings £'000
1 January 2010	7,050
Hive up of Anderson Farm (Buckworth) Limited	(2,950)
31 December 2010	4,100

The company holds more than 10% of the share capital of the following undertakings

Name	Country of incorporation	Class of holding	Proportion directly held	Nature of business
AgReserves Limited	England	Ordinary	100%	Farming
Anderson Farm (Buckworth) Limited	England	Ordinary	100%	Farming

On 10 December 2010 the assets of Anderson Farm (Buckworth) Limited were transferred to The Church of Jesus Christ of Latter-day Saints (Welfare) Limited and the company has been dormant since that date





THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

10 STOCKS

	GROUP		COMPANY	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Cultivations	2,399	2,292	-	-
Harvested crops	4,079	3,389	-	-
	6,478	5,681	-	-

11 DEBTORS

	GROUP		COMPANY	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Due within one year				
Trade debtors	362	2,312	-	-
Other debtors	1,677	1,848	129	1,806
Amounts owed by group undertakings	-	-	3,554	3,725
	2,039	4,160	3,683	5,531

12 INVESTMENTS

All investment income arises from interest bearing deposit accounts. These are short term high interest accounts

	GROUP		COMPANY	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Fixed term deposit accounts	10,177	11,252	10,177	11,252

13 CREDITORS Amounts falling due within one year

	GROUP		COMPANY	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade creditors	-	127	-	-
Other tax and social security	31	1,165	-	1,149
Corporation tax	357	198	-	-
Other creditors	211	208	138	159
Accruals	45	32	17	14
	644	1,730	155	1,322



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

14 CREDITORS Amounts falling due in more than one year

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Loan from parent company	-	4,216	-	4,216

The loan from the parent company is a loan from the Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints which is subordinated to the claims of all other creditors. The loan was interest free and there were no fixed repayment terms. The loan was forgiven during the year.

15 DEFERRED TAX

The movement in the deferred taxation provision during the year was

	2010 £'000	2009 £'000
Provision brought forward	18	-
Income and expenditure account movement	29	18
Provision brought forward	47	18

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010 £'000	2009 £'000
Accelerated capital allowances	47	18

16 SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised 25 million ordinary shares of £1 each	25,000	25,000
Allotted, issued and fully paid 10 million ordinary shares of £1 each	10,000	10,000

17 TOTAL CHARITY FUNDS

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Balance at 1 January 2010	64,021	57,970	57,753	52,956
Net income for the year	4,849	6,051	3,419	4,797
Balance at 31 December 2010	68,870	64,021	61,172	57,753

18 RECONCILIATION OF MOVEMENT IN CHARITY FUNDS

	2010 £'000	2009 £'000
Net income for the financial year	4,849	6,051
Opening charity funds	64,021	57,970
Closing charity funds	68,870	64,021

Charity funds are entirely attributable to equity interests

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2010

19 NOTES TO THE CASH FLOW STATEMENT

(a) Analysis of cash flows	2010 £'000	2009 £'000
<b>Reconciliation of net movement in funds to operating surplus</b>		
Net income for the year	4,849	6,051
Interest received	(142)	(113)
Tax charge	532	365
	<u>5,239</u>	<u>6,303</u>
<b>Operating surplus</b>		
<b>Returns on investments and servicing of finance</b>	2010 £'000	2009 £'000
Interest received	<u>142</u>	<u>113</u>
<b>Capital expenditure and fixed asset investment</b>	2010 £'000	2009 £'000
Purchase of intangible fixed assets	(3)	(55)
Purchase of tangible fixed assets	(2,582)	(5,234)
Proceeds from sale of tangible fixed assets	303	7,846
	<u>(2,282)</u>	<u>2,557</u>
<b>Management of liquid resources</b>	2010 £'000	2009 £'000
Reduction/(Investment) in fixed term deposits	<u>1,075</u>	<u>(521)</u>
The group includes fixed term deposits as liquid resources		

(b) Analysis of changes in net funds	1 January 2010 £'000	Cash Flows £'000	Non-cash changes £'000	31 December 2010 £'000
Cash at bank and in hand	5,873	501	-	6,374
Debt due after 1 year	(4,216)	-	4,216	-
<b>Net funds</b>	<u>1,657</u>	<u>501</u>	<u>4,216</u>	<u>6,374</u>

# THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 20 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The company participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The company has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £173,000 (2009 £129,294).

### 21 RELATED PARTY TRANSACTIONS AND ULTIMATE HOLDING COMPANY

The company is owned solely by the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints, a company incorporated in the state of Utah, United States of America.

Details of the loan account with the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints are included in note 14. Assurances of continued financial support have been received from the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints.

During the year, the company contracted with another fellow subsidiary, The Church of Jesus Christ of Latter-day Saints (Great Britain) - "GB company" to carry out construction of church buildings on its behalf. The value of this work in the year was £2,376,000 (2009 £1,089,000). The GB company provides accounting and administrative services free of charge to the company. The value of these services is estimated to be £30,000.

Transactions with subsidiary companies have been disclosed in note 1.

### 22 FINANCIAL COMMITMENTS

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
Group	2010 £'000	2009 £'000
Expiry date within one year	15	15

The company had no capital commitments.